

E-FILED ON: November 3, 2006

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Prospect High Income Fund,

PAMCO Cayman, Ltd.,

Highland Crusader Fund, Ltd.,

and PCMG Trading Partners XXII, L.P.

In re:)	CASE NO.: BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,)	CASE NO.: BK-S-06-10726-LBR
Debtor.)	CASE NO.: BK-S-06-10727-LBR
In re:)	CASE NO.: BK-S-06-10728-LBR
USA CAPITAL REALTY ADVISORS, LLC,)	CASE NO.: BK-S-06-10729-LBR
Debtor.)	
In re:)	Chapter 11
USA CAPITAL DIVERSIFIED TRUST DEED)	
FUND, LLC,)	Jointly Administered Under
Debtor.)	Case No. BK-S-6-10725-LBR
In re:)	
USA CAPITAL FIRST TRUST DEED FUND, LLC,)	
Debtor.)	
In re:)	
USA SECURITIES, LLC,)	
Debtor.)	
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PROSPECT HIGH INCOME FUND,)	APPEAL REF:
ML CBO IV (CAYMAN) LTD.,)	
PAMCO CAYMAN, LTD.,)	BAP NO:
PAM CAPITAL FUNDING, L.P.,)	
HIGHLAND CRUSADER FUND, LTD.,)	
AND PCMG TRADING PARTNERS XXII, L.P.,)	
"CREDITORS")	
)	
Appellants,)	
)	
vs.)	HEARING:
)	Date: N/A
USA CAPITAL DIVERSIFIED TRUST DEED)	Time: N/A
FUND, LLC, "DEBTOR" and OFFICIAL)	
COMMITTEE OF EQUITY SECURITY HOLDERS)	
OF USA CAPITAL DIVERSIFIED TRUST DEED)	
FUND LLC, "COMMITTEE")	
Appellees)	

NOTICE OF APPEAL

PROSPECT HIGH INCOME FUND, ML CBO IV (CAYMAN) LTD., PAMCO CAYMAN, LTD., PAM CAPITAL FUNDING, L.P., HIGHLAND CRUSADER FUND, LTD., AND PCMG TRADING PARTNERS XXII, L.P. (hereinafter "the Highland Fund") appeals under 28 U.S.C. §158(a) or (b) from the order entered by the Bankruptcy Court in the above-referenced bankruptcy case on the 26th day of October, 2006. (See copy of order attached hereto and incorporated by reference as Exhibit "1".)

The names of all parties to the order appealed from and the names, addresses, and telephone numbers are as follows:

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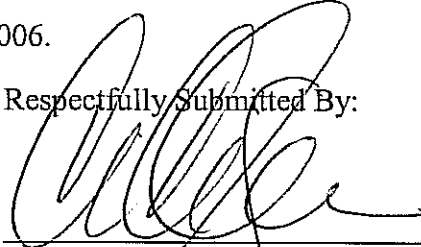
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the Official Committee of Equity Security
Holders of USA Capital Diversified Trust
Deed Fund LLC

1 If a Bankruptcy Appellate Panel Service is authorized to hear this appeal, each party has a
2 right to have the appeal heard by the District Court. The appellant may exercise this right only
3 by filing a separate statement of election at the time of the filing of this notice of appeal. Any
4 other party may elect, within the time provided in 28 U.S.C. §158 (c), to have the appeal heard
5 by the District Court.

6 DATED this 3rd Day of November, 2006.

7 Respectfully Submitted By:



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Nevada Bar No.: 5692
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PAMCO Cayman, Ltd.,
16 PAM Capital Funding, L.P.,
Highland Crusader Fund, Ltd.,
17 and PCMG Trading Partners XXII, L.P.

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EXHIBIT 1



Entered on Docket
October 26, 2006

Hon. Linda B. Riegle
United States Bankruptcy Judge

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Security Holders of USA Capital Diversified
Trust Deed Fund, LLC*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:
USA COMMERCIAL MORTGAGE COMPANY,
Debtor.

Case No. BK-S-06-10725 LBR
Case No. BK-S-06-10726 LBR
Case No. BK-S-06-10727 LBR
Case No. BK-S-06-10728 LBR
Case No. BK-S-06-10729 LBR

In re:
USA CAPITAL REALTY ADVISORS, LLC,
Debtor.

Chapter 11

In re:
USA CAPITAL DIVERSIFIED TRUST DEED
FUND, LLC,
Debtor.

Jointly Administered Under
Case No. BK-S-06-10725-LBR

In re:
USA CAPITAL FIRST TRUST DEED FUND, LLC,
Debtor.

In re:
USA SECURITIES, LLC,
Debtor.

Date: October 19, 2006
Time: 9:30 a.m.
Place: Courtroom #1
(Affects indicated Debtors)

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

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ORDER DISALLOWING THE PROOF OF CLAIM FILED BY PROSPECT HIGH INCOME FUND, ET AL., AGAINST ALL DEBTORS

This Court, having read and considered Diversified Trust Deed Fund Committee's Objection to Proof of Claim filed by Prospect High Income Fund et al. ("Objection"), having read and considered the Highland Fund's Opposition to Diversified Trust Deed Fund Committee's Objection to Proof of Claim ("Opposition"), having read and considered the Reply to Highland Funds' Opposition to Diversified Trust Deed Fund Committee's Objection to Proof of Claim ("Reply"), having heard and considered the oral argument of counsel with Bob L. Olson, Esq. of the law firm of Beckley Singleton, Chtd., appearing on the behalf of the Official Committee of Equity Security Holders of USA Capital Diversified Trust Deed Fund, with Lenard Schwartz, Esq. of the law firm of Schwartz & McPherson appearing on behalf of the Debtors, and with CiCi Cunningham, Esq. of the law firm of Rawlings, Olson, Cannon, Gromley & Desruisseaux and Paul B. Lackey, Esq. and Michael P. Aigen, Esq., of the law firm of Lackey Hershman, LLP, appearing on the behalf of the Highland Funds, having made its findings of fact and conclusions of law on the record pursuant to F.R.B.P. 7052 and F.R.C.P. 52, and with good cause appearing therefor:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Objection is sustained in its entirety and that all the Proofs of Claim that Prospect High Income Fund, ML CBO IV (Cayman), Ltd., PAMCO Cayman, Ltd., PAM Capital Funding, L.P. Highland Crusader Fund, Ltd., and PCMG Trading Partners XXIII, L.P. (collectively the "Highland Funds") filed in all of the Debtors' cases are disallowed in their entirety and with prejudice. Those claims include, but are not limited to, Claim No. 26 in the amount of \$20,000,000 filed in the USA Commercial Mortgage Company case, Claim No. 17 in the amount of \$20,000,000 filed in the USA Capital Realty

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1 Advisors case, Claim No. 20 in the amount of \$20,000,000 filed in the USA Capital Diversified
2 Trust Deed Fund case, Claim No. 16 in the amount of \$20,000,000 filed in the USA Capital First
3 Trust Deed Fund case, and Claim No. 14 in the amount of \$20,000,000 filed in the USA Securities
4 case.

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6 BECKLEY SINGLETON, CHTD.

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8 By: 

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14 *Committee of Equity Security Holders of*
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16 *Fund, LLC*

17 APPROVED/DISAPPROVED

APPROVED/DISAPPROVED

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24 *Fund, ML CBO IV (Cayman), Ltd.,*
25 *PAMCO Cayman, Ltd.,*
26 *PAM Capital Funding, L.P.*
27 *Highland Crusader Fund, Ltd.,*
28 *and PCMG Trading Partners XXIII, L.P.*

Attorneys for Debtors

RULE 9021 DECLARATION

In accordance with Local Rule 9021, the undersigned certifies:

☐ The Court waived the requirements of LR 9021.

☒ I have delivered a copy of this proposed order to all attorneys and unrepresented parties who appeared at the hearing regarding this matter and/or who filed a written objection and each has:

☒ approved the form of this order; and/or

☐ waived the right to review the order; and/or

☐ failed to file and serve papers in accordance with LR 9021(c); and
the following have disapproved the form of the order:

n/a

☐ No opposition was filed to the motion and no other party or counsel appeared at the hearing.

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Attorneys for Debtors

1 Advisors case, Claim No. 20 in the amount of \$20,000,000 filed in the USA Capital Diversified
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